

AMENDED IN ASSEMBLY SEPTEMBER 2, 2003

AMENDED IN ASSEMBLY AUGUST 25, 2003

AMENDED IN SENATE APRIL 22, 2003

SENATE BILL

No. 926

Introduced by Senator Knight

(Principal coauthor: Assembly Member Parra)

**(Coauthors: Senators Denham, Ducheny, McPherson, and
Morrow)**

*(Coauthors: Assembly Members Aghazarian, Bates, Berg, Cogdill,
Hancock, Maldonado, Maze, Montanez, Samuelian, Vargas,
Wiggins, Wolk, and Wyland)*

February 21, 2003

~~An act to add and repeal Chapter 4 (commencing with Section 13998) of Part 4.7 of Division 3 of Title 2 of the Government Code, and to repeal Part 14 (commencing with Section 37980) of Division 24 of the Health and Safety Code, relating to technology development, making an appropriation therefor, and~~ *An act to add Chapter 5 (commencing with Section 13999) to Part 4.7 of Division 3 of Title 2 of, and to add and repeal Chapter 4 (commencing with Section 13998) of Part 4.7 of Division 3 of Title 2 of, the Government Code, to repeal Part 14 (commencing with Section 37980) of Division 24 of the Health and Safety Code, and to add Article 8 (commencing with Section 5079.70) to Chapter 1.1.5 of Division 5 of the Public Resources Code, relating to economic development, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 926, as amended, Knight. ~~Technology~~ *Economic development.*

(1) Existing law establishes the California Defense Retention and Conversion Council in the Technology, Trade, and Commerce Agency with specified members and duties related to defense retention and conversion and military base reuse activities in the state. The council is authorized to apply for grants and seek contributions from private industry to fund its operations and is required to actively solicit private funds for specified purposes.

Existing law also establishes in the agency the Office of Military Base Retention, which is required to provide staff support to the council.

This bill would change the name of the Office of Military Base Retention to the Office of Military Support and transfer this office and the California Defense Retention and Conversion Council to the Business, Transportation and Housing Agency. It would authorize the Business, Transportation and Housing Agency to enter into an interagency agreement with any other state agency as deemed necessary to administer these programs.

This bill also would authorize the office, in addition to the council, to seek private funds for the operations of the office and the council. The bill would establish the Military Support Account in the Special Deposit Fund in the State Treasury and require that any private funds the council or the office accepts be deposited in that account. The bill would authorize, upon the approval of the secretary of the agency, the office to expend moneys in the account, which would be continuously appropriated to the office, without regard to fiscal years, for specified purposes of the office and the council, thereby making an appropriation.

(2) *Existing law requires, subject to the appropriation of funds for this purpose, the Technology, Trade, and Commerce Agency to implement a space industry development program. The agency is required to contract with a nonprofit corporation to assist in its administration of these activities, according to specified criteria, as well as serve as the California Spaceport Authority. The corporation is required to issue solicitations for the existing California Space Industry Competitive Grant Program and evaluate grant proposals with the assistance of an impartial review panel to be established by the corporation, according to specified criteria. The Secretary of Technology, Trade, and Commerce is required to award grants based upon these criteria.*

This bill would refer to the above-described programs as the space enterprise development program and the California Space Enterprise



Competitive Grant Program, transfer these programs to the Business, Transportation and Housing Agency, and make conforming and other technical changes.

(3) Existing law establishes in the Technology, Trade, and Commerce Agency, the California Main Street Program to provide technical assistance and training for small cities' government, business organizations, merchants, and property owners to accomplish community and economic revitalization and development of older central business districts and neighborhoods.

This bill would transfer this program to the Office of Historic Preservation of the Department of Parks and Recreation and revise the legislative committees that may provide assistance through their chairpersons.

This bill would appropriate \$126,000 from the General Fund to the Office of Historical Preservation to employ a program manager for the California Main Street Program.

(4) The Budget Act of 2003 appropriates \$180,000 to the Department of Housing and Community Development for military base reuse and retention.

This bill would provide instead that this sum be appropriated to the Business, Transportation and Housing Agency for this purpose.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 4 (commencing with Section 13998) is
2 added to Part 4.7 of Division 3 of Title 2 of the Government Code,
3 to read:

4

5 CHAPTER 4. CALIFORNIA DEFENSE RETENTION AND
6 CONVERSION

7

8 13998. This chapter shall be known and may be cited as the
9 California Defense Retention and Conversion Act.

10 13998.1. The Legislature finds and declares as follows:

11 (a) For over half a century, California's industries, universities,
12 businesses, and workers have contributed to our nation's defense,



1 utilizing their capital, talents, and skills to develop and bring to
2 production important new technologies and advanced weapons
3 systems, aircraft, and missiles.

4 (b) Defense spending in California peaked at sixty billion
5 dollars (\$60,000,000,000) in 1988. Since then, it has decreased by
6 16 percent with the resulting loss of 126,000 jobs. The
7 Commission on State Finance projected a further 22-percent
8 reduction to thirty-seven billion dollars (\$37,000,000,000) in
9 1997, with a loss of another 81,000 jobs. California is expected to
10 experience the most severe impact of defense cuts since 1994.

11 (c) California has experienced four rounds of base closures
12 resulting in the closure or realignment of 29 bases since 1988.
13 Additional bases may be considered for closure in future closure
14 rounds.

15 (d) California lost more federal payroll jobs from its 29
16 military base closures under rounds one to four, inclusive, than all
17 of the rest of the states put together. The reduced military payroll,
18 including military and civilian employees, in California is
19 approximately 101,000 jobs. About 300,000 private sector
20 defense industry jobs in California have been lost.

21 (e) California needs a focused, coordinated defense retention
22 and conversion program within the state in order to protect the
23 existing defense installations and facilities within the state and to
24 assist those communities that have experienced an installation's
25 closing.

26 (f) Currently, there are over 300,000 active duty and civilian
27 defense personnel in California.

28 (g) The direct Department of Defense expenditures in
29 California are over thirty billion dollars (\$30,000,000,000) for
30 employees, contracts, and capital investment.

31 (h) California has over 36 major and 25 minor active military
32 installations.

33 (i) The Department of Defense pays ten million dollars
34 (\$10,000,000) annually in fees, permits, and licenses within the
35 state.

36 (j) Having been the leader in the nation's defense effort, the
37 state must now also assume the role as leader in defending existing
38 military installations within its borders. That role will require a
39 coordinated effort to ensure that California promotes the necessity
40 of existing defense facilities, assist local governments and

1 organizations in planning retention efforts, and design and
2 implement a single unified plan for active defense retention efforts
3 on the federal level.

4 (k) It is the intent of the Legislature that the state's role in
5 defense retention, conversion, and military support be
6 consolidated in the Business, Transportation and Housing Agency.

7 13998.2. The Legislature recognizes the potential for federal
8 legislation to close additional military installations nationwide. In
9 an effort to be proactive in retaining these facilities within
10 California that are necessary for the defense of the nation and to
11 provide for a single, focused defense of these installations, the
12 California Defense Retention and Conversion Council is hereby
13 created in the Business, Transportation and Housing Agency.

14 13998.3. The California Defense Retention and Conversion
15 Council shall consist of the following members, who shall be
16 appointed as follows:

17 (a) The Governor shall have 11 appointees, who may include,
18 but are not limited to, the following:

19 (1) The Secretary of Business, Transportation and Housing, or
20 his or her designee.

21 (2) The Secretary ~~of~~ *for* Environmental Protection, or his or
22 her designee.

23 (3) The Director of Employment Development, or his or her
24 designee.

25 (4) The Director of Planning and Research, or his or her
26 designee.

27 (5) The Director of the Energy Resources, Conservation and
28 Development Commission, or his or her designee.

29 (6) The Director of Transportation, or his or her designee.

30 (7) The Director of the Employment Training Panel, or his or
31 her designee.

32 (8) The Secretary of ~~Resources~~ *the Resources Agency*, or his or
33 her designee.

34 (9) A member who is an elected public official from local
35 government representing a community with an active defense
36 installation.

37 (10) A member who is an elected public official from local
38 government representing a community with a closed defense
39 installation.

40 (11) A public member selected at large.

1 (b) The Speaker of the Assembly shall have two appointees
2 who may include, but are not limited to, members representing
3 labor, business, or local government.

4 (c) The Senate Committee on Rules shall have two appointees
5 who may include, but are not limited to, members representing
6 labor, business, or local government.

7 (d) Nonvoting members, to consist of all of the following:

8 (1) At his or her option, the President of the University of
9 California, or his or her designee.

10 (2) The Chancellor of the California State University, or his or
11 her designee.

12 (3) The Chancellor of the California Community Colleges, or
13 his or her designee.

14 (4) The Speaker of the Assembly, or his or her designee.

15 (5) The President pro Tempore of the Senate, or his or her
16 designee.

17 (6) At the request of the Governor, a flag officer, or his or her
18 designee, from each branch of the United States Armed Forces
19 representing a mission or installation in California to serve as a
20 liaison to the council.

21 13998.4. (a) The Secretary of Business, Transportation and
22 Housing shall serve as chairperson of the council.

23 (b) The Office of Military Support shall provide staff support
24 to the council.

25 (c) It shall be the purpose of the council to provide a central
26 clearinghouse for all defense retention, conversion, and base reuse
27 activities in the state.

28 13998.5. The council shall do all of the following:

29 (a) Develop and recommend to the Governor and the
30 Legislature a strategic plan for state and local defense retention
31 and conversion efforts. The plan shall address the state's role in
32 assisting communities with potential base closures and those
33 impacted by previous closures. The council may coordinate with
34 other state agencies, local groups, and interested organizations on
35 this strategic plan to retain current Department of Defense
36 installations, facilities, bases, and related civilian activities. The
37 opportunity shall be provided for public review and comments on
38 the strategic plan prior to submission to the Governor and the
39 Legislature.



1 (b) Conduct outreach to entities and parties involved in defense
2 retention and conversion across the state and provide a network to
3 facilitate assistance and coordination for all defense retention and
4 conversion activities within the state.

5 (c) Help develop and coordinate state retention advocacy
6 efforts on the federal level.

7 (d) (1) Conduct an evaluation of existing state retention and
8 conversion programs and provide the Legislature
9 recommendations on the continuation of existing programs,
10 including, but not limited to, the possible elimination or alteration
11 of those programs. This evaluation shall be transmitted to the
12 Legislature.

13 (2) The council may provide recommendations to the
14 Legislature on the necessity of new programs for defense retention
15 and adequate funding levels.

16 (e) Utilize and update the plan prepared by the Defense
17 Conversion Council as it existed on December 31, 1998, to
18 minimize California's loss of bases and jobs in future rounds of
19 base closures. This plan shall include, but not be limited to, all of
20 the following:

21 (1) Identification of major installations in California.

22 (2) Determination of how best to defend existing bases and
23 base employment in this state.

24 (3) Coordination with communities that may face base
25 closures.

26 (4) Development of data and analyses on bases in this state.

27 (5) Coordination with the congressional delegation, the
28 Legislature, and the Governor. With the consent of the appropriate
29 authority, the council may temporarily borrow technical, policy,
30 and administrative staff from other state agencies, including the
31 Legislature.

32 (f) Where funds and resources are available, the council may
33 undertake all of the following activities:

34 (1) Provide a central clearinghouse for all base retention or
35 conversion assistance activities, including, but not limited to,
36 employee training programs and regulation review and permit
37 streamlining.

38 (2) Provide technical assistance to communities with potential
39 or existing base closure activities.

1 (3) Provide a central clearinghouse for all defense retention and
2 conversion funding, regulations, and application procedures for
3 federal or state grants.

4 (4) Serve as a central clearinghouse for input and information,
5 including needs, issues, and recommendations from businesses,
6 industry representatives, labor, local government, and
7 communities relative to retention and conversion efforts.

8 (5) Identify available state and federal resources to assist
9 businesses, workers, communities, and educational institutions
10 that may have a stake in retention and conversion activities.

11 (6) Provide one-stop coordination, maintain and disseminate
12 information, standardize state endorsement procedures, and
13 develop fast-track review procedures for proposals seeking state
14 funds to match federal defense conversion funding programs.

15 (7) Maintain and establish databases in such fields as
16 defense-related companies, industry organization proposals for
17 the state and federal defense industry, community assistance,
18 training, and base retention, and provide electronic access to the
19 databases.

20 13998.6. (a) The council shall meet at the times and in places
21 it deems necessary, but no less than once a quarter. Whenever
22 possible, meetings shall be held in Sacramento in state facilities.

23 (b) Under no circumstances shall the council permit absentee
24 or proxy voting at any of its proceedings. However, a vote by a
25 designee, as provided in paragraphs (1) to (8), inclusive, of
26 subdivision (a), and paragraphs (1) to (5), inclusive, of subdivision
27 (d), of Section 13998.3, shall not be construed to be an absentee
28 or proxy vote under this subdivision.

29 (c) Council members may receive reimbursement for travel
30 costs directly related to council attendance if funding is available.

31 (d) The council and the Office of Military Support shall apply
32 for grants and may seek contributions from private industry to
33 fund its operations.

34 (e) The council and the Office of Military Support shall
35 actively solicit and accept funds from industry, foundations, or
36 other sources to promote and fund research and development of
37 dual technologies, to identify alternative applications of military
38 technologies, to initiate market research for identifying possible
39 defense conversion products, to establish worker and business
40 training programs, and to operate pilot projects to evaluate and

1 demonstrate useful approaches. These efforts should be
2 coordinated with the regional technology alliances.

3 (f) Any private funds the council or the Office of Military
4 Support accepts shall be deposited into the Military Support
5 Account, which is hereby established in the Special Deposit Fund
6 in the State Treasury and, notwithstanding Section 13340, is
7 continuously appropriated to the Office of Military Support. The
8 Office of Military Support may, upon the approval of the Secretary
9 of the Business, Transportation, and Housing Agency, expend
10 moneys in the account, without regard to fiscal years, for the
11 purposes specified in subdivisions (d) and (e) and for no other
12 purpose. Records of funds received and expenditures made
13 pursuant to this section shall be subject to public disclosure. A
14 report describing the receipt and expenditure of these funds shall
15 be annually submitted to the Department of Finance by June 30 of
16 every year.

17 13998.7. In addition to the duties specified in Section
18 13998.5, the council shall do all of the following:

19 (a) At the request of a council member and upon majority vote
20 of the council, the council may review actions or programs by state
21 agencies that may affect military base retention and reuse and offer
22 comments or suggest changes to better integrate these actions or
23 programs into the overall state strategic plan required pursuant to
24 subdivision (a) of Section 13998.5.

25 (b) The council shall prepare a study considering strategies for
26 the long-term protection of lands adjacent to military bases from
27 development that would be incompatible with the continuing
28 missions of those bases. The study shall include the effects of local
29 land use encroachment, environmental impact considerations, and
30 population growth issues. The study shall recommend basic
31 criteria to assist local governments in identifying lands where
32 incompatible development may adversely impact the long-term
33 missions of these bases. The study shall also identify potential
34 mechanisms, including recommendations for changes in law at the
35 local or state level, to address these issues. In conducting this
36 study, the council may use the Naval Air Station at Lemoore and
37 Edwards Air Force Base as case studies.

38 The council shall hold public hearings on this study, including
39 at least one in the vicinity of either Lemoore or Edwards.
40 Notwithstanding Section 7550.5 of the Government Code, the

1 council shall prepare and submit to the Governor and the
2 Legislature by November 30, 2000, a report on this study with any
3 recommendations.

4 13998.8. The Business, Transportation and Housing Agency
5 with input and assistance from the council, shall establish a
6 Defense Retention Grant Program to grant funds to communities
7 with military bases to assist them in developing a retention
8 strategy. The agency may use grant criteria similar to those for
9 existing defense conversion grant programs as a basis for
10 developing the new grant program. To discourage multiple grant
11 applications for individual defense installations in a region, the
12 criteria shall be drafted to encourage a single application for grant
13 funds to develop, where appropriate, a single, regional defense
14 retention strategy. The structure, requirements, administration,
15 and funding procedures of the grant program shall be submitted to
16 the Legislature for review at least 90 days prior to making the first
17 grant disbursement. The agency may make no grant award without
18 the local community providing at least 50 percent or more in
19 matching funds or in-kind services.

20 13998.9. The Business, Transportation and Housing Agency
21 shall adopt regulations to implement the programs authorized in
22 this chapter. The agency shall adopt these regulations as
23 emergency regulations in accordance with Chapter 3.5
24 (commencing with Section 11340) of Part 1 of Division 3 of Title
25 2 of the Government Code, and for purposes of that chapter,
26 including Section 11349.6 of the Government Code, the adoption
27 of the regulations shall be considered by the Office of
28 Administrative Law to be necessary for the immediate
29 preservation of the public peace, health and safety, and general
30 welfare. Notwithstanding subdivision (e) of Section 11346.1 of
31 the Government Code, the regulations shall be repealed within 180
32 days after their effective date, unless the agency complies with
33 Chapter 3.5 (commencing with Section 11340) of Part 1 of
34 Division 3 of Title 2 of the Government Code as provided in
35 subdivision (e) of Section 11346.1 of the Government Code.

36 ~~35998.5.—~~

37 13998.10. This chapter shall remain in effect only until
38 January 1, 2007, and as of that date is repealed, unless a later
39 enacted statute, that is enacted before January 1, 2007, deletes or
40 extends that date.

SEC. 2. *Chapter 5 (commencing with Section 13999) is added to Part 4.7 of Division 3 of Title 2 of the Government Code, to read:*

CHAPTER 5. *SPACE ENTERPRISE DEVELOPMENT ACT*

13999. *This chapter shall be known and may be cited as the Space Enterprise Development Act.*

13999.1. *For purposes of this act, the following terms have the following meanings:*

(a) *“Agency” means the Business, Transportation and Housing Agency.*

(b) *“Authority” means the California Spaceport Authority.*

(c) *“Date of designation” means the date that the spaceport receives designation by the authority pursuant to Section 13999.3.*

(d) *“Governing body” means the governing body of a city, county, city and county, special district, or joint powers authority.*

(e) *“Launch” means to place, or attempt to place, a launch vehicle into a ballistic, suborbital, or orbital trajectory, into Earth orbit in outer space, or otherwise into outer space, and also is a means of placing a commercial, civil, or military payload into Earth orbit or beyond, including all activities involved in the preparation of a launch vehicle for flight, including all processing, servicing, and support activities that take place at a launch site or at a California mission control support site for ocean launches. A “launch” begins with the arrival of the launch vehicle or payload at the launch site.*

(f) *“Launch site” means a location from which a space launch or operation directly associated with a space launch takes place, a location at which a launch vehicle or its payload, if any, is intended to land, or as defined in the Commercial Space Launch Act (49 U.S.C. Sec. 70101 and following). The site includes any right-of-way directly associated with the space launch or reentry operations and all facilities and support infrastructure related to launch, reentry, or payload processing.*

(g) *“Launch vehicle” means a vehicle specifically designed and built to operate in or place a payload in the upper atmosphere or outer space. “Launch vehicles” include, but are not limited to, expendable space launch vehicles and reusable launch vehicles.*

1 (h) “Operation of a launch site” means the conduct of
2 approved safety operations at a launch site to support the
3 launching of vehicles and payloads.

4 (i) “Operation of a reentry site” means the conduct of safety
5 operations at a fixed site on Earth at which a reentry vehicle and
6 its payload, if any, is intended to land.

7 (j) “Payload” means an object, including, but not limited to,
8 a satellite that a licensed launch site undertakes to place into outer
9 space by means of a launch vehicle, including components of the
10 vehicle specifically designed or adopted to support that activity.

11 (k) “Person” means any individual and any corporation,
12 partnership, joint venture, association, or other entity organized
13 or existing under the laws of any state or nation.

14 (l) “Reentry” means the return of any launch vehicle that has
15 been placed in a ballistic, suborbital, or orbital trajectory, and its
16 payload, if any, to the Earth. “Reentry” includes all activities
17 involved in the postflight ground operations. A “reentry” ends
18 when a launch vehicle or payload, if any, has completed its descent
19 to Earth and is retrieved.

20 (m) “Reentry site” means the location on Earth at which a
21 reentry is intended to occur, as defined in a license issued or
22 transferred by the United States Secretary of Transportation, and
23 any necessary support infrastructure related to reentry or payload
24 recovery.

25 (n) “Reusable launch vehicle” means a vehicle that is designed
26 to launch into an orbital or suborbital trajectory, into Earth orbit
27 in outer space, or otherwise into outer space, that returns to Earth
28 and is reused for a subsequent future launch.

29 (o) “Secretary” means the Secretary of Business,
30 Transportation and Housing.

31 (p) “Spaceport” means an entity that has been designated
32 pursuant to Section 13999.3.

33 13999.2. (a) Subject to the availability of funds appropriated
34 for that purpose, the Business, Transportation and Housing
35 Agency shall implement a space enterprise development program
36 to foster activities that increase the competitiveness of space
37 enterprise in California, including, but not limited to, the
38 commercial use of space, space vehicle launches, space launch
39 infrastructure, manufacturing, applied research, technology

1 *development, economic diversification, and business*
2 *development.*

3 *(b) The agency may contract with other state or private*
4 *agencies, nonprofit corporations, universities, firms, or*
5 *individuals for the performance of technical or specialized work,*
6 *or for services related to space enterprise development programs.*

7 *(c) The secretary shall select a California nonprofit*
8 *corporation to assist the agency in its administration of space*
9 *enterprise economic development activities through programs,*
10 *projects, grants, partnerships, networks, and collaboration. The*
11 *corporation shall be selected through a solicitation process*
12 *established by the agency. The solicitation process shall include*
13 *criteria for selection of the corporation, which shall include, but*
14 *not be limited to, demonstrated experience in space enterprise and*
15 *the ability to perform space enterprise development activities*
16 *described in subdivision (d).*

17 *(d) The corporation may perform one or more of the following*
18 *activities, as determined contractually between the agency and the*
19 *corporation:*

20 *(1) Serve as the California Spaceport Authority with*
21 *responsibilities specified in Section 13999.3.*

22 *(2) Pursue grants from the federal government or from private*
23 *businesses, foundations, or individuals, for California space*
24 *enterprise activities, including, but not limited to, studies,*
25 *services, infrastructure improvements and modernization, and*
26 *defense transition programs, to the extent permitted by law.*

27 *(3) Identify science and technology trends that are significant*
28 *to space enterprise and the state and act as a clearinghouse for*
29 *space enterprise issues and information.*

30 *(4) Develop and implement a state strategy for applying and*
31 *commercializing technology to create jobs, respond to industry*
32 *changes, and foster innovation and competitiveness in space*
33 *enterprise.*

34 *(5) Provide information to the secretary relevant to changes in*
35 *federal, state, and local statutes and regulations that will enhance*
36 *the development of space enterprise in California.*

37 *(6) Provide information to the secretary regarding the*
38 *development of laws, regulations, decisions, or determinations*
39 *affecting the economic and employment impacts of space*
40 *enterprise in California.*

1 (7) *Provide recommendations to the secretary for appropriate*
2 *state funding mechanisms and amounts to promote development of*
3 *space enterprise in California, including education and workforce*
4 *development.*

5 (8) *Provide recommendations to the secretary in the form of*
6 *strategic planning documents.*

7 (9) *Review applications for, and promote, the California Space*
8 *Enterprise Competitive Grant Program established by Section*
9 *13999.4.*

10 (e) (1) *The agency and the corporation shall enter into an*
11 *annual contract specifying the activities to be performed by the*
12 *corporation.*

13 (2) *Pursuant to the contract, the corporation shall submit to the*
14 *agency quarterly reports of its activities and finances. The*
15 *quarterly reports shall be of sufficient detail for the agency to*
16 *determine whether the corporation is in compliance with the*
17 *annual contract between the agency and the corporation.*

18 (3) *The annual contract shall include conflict of interest*
19 *requirements developed by the agency.*

20 (4) *Failure of the corporation to comply with the conditions in*
21 *the annual contract, as evidenced in the quarterly reports and any*
22 *supplemental monitoring of the corporation by the agency, shall*
23 *result in the cancellation of the annual contract and deselection of*
24 *the corporation. Upon the deselection of the corporation, the*
25 *agency shall utilize the solicitation process set forth in subdivision*
26 *(c) to select a replacement corporation.*

27 13999.3. (a) *The California Spaceport Authority shall*
28 *designate spaceports for the operation of launch sites or reentry*
29 *sites.*

30 (b) *Any city, county, city and county, special district, joint*
31 *powers authority, or private entity, as appropriate, may apply to*
32 *the authority for designation as a spaceport.*

33 (c) (1) *The application described in subdivision (b) shall*
34 *require at least the following information to be submitted to the*
35 *authority:*

36 (A) *A written notice of intent to apply for a federal launch site*
37 *operator's license from the United States Secretary of*
38 *Transportation under the authority of the Commercial Space*
39 *Launch Act (49 U.S.C. Sec. 70101 and following), to be received*

1 *by the authority no later than 60 days prior to the submission of*
2 *the application to the United States Secretary of Transportation.*

3 *(B) A copy of the perfected application submitted to the United*
4 *States Secretary of Transportation for a federal launch site*
5 *operator's license.*

6 *(C) A written notice of acceptance or denial by the United*
7 *States Secretary of Transportation for a federal launch site*
8 *operator's license. If acceptance is granted, a copy of the license*
9 *shall be included in the written notice.*

10 *(2) This subdivision shall not apply to any launch site operator*
11 *who is federally licensed on or before January 1, 2001.*

12 *(d) The authority shall withdraw spaceport designation upon*
13 *receipt of notice from the Federal Aviation Administration that the*
14 *launch site operator of the spaceport no longer meets safety*
15 *requirements or that safety deficiencies in the spaceport have*
16 *remained uncorrected for a reasonable period of time after being*
17 *identified.*

18 *13999.4. (a) The California Space Enterprise Competitive*
19 *Grant Program is hereby established within the Business,*
20 *Transportation and Housing Agency to provide funding, upon*
21 *appropriation by the Legislature, for the development of space*
22 *enterprise in California. For purposes of this section, space*
23 *enterprise activities shall include, but are not limited to, the*
24 *commercial use of space, space vehicle launches, space launch*
25 *infrastructure, manufacturing, applied research, technology*
26 *development, economic diversification, and business*
27 *development. Entities conducting activities in California intended*
28 *to improve the competitiveness of space enterprise in California,*
29 *including public, private, educational, commercial, nonprofit, or*
30 *for-profit entities may apply for grants.*

31 *(b) (1) If program funding is appropriated by the Legislature,*
32 *the corporation selected pursuant to subdivision (c) of Section*
33 *13999.2 of this bill shall, at least annually, issue solicitations. No*
34 *solicitation shall be issued without the prior review and approval*
35 *by the agency. If the corporation has not issued a solicitation*
36 *within 180 days of the appropriation of funds, the agency shall*
37 *issue the solicitation.*

38 *(2) Solicitations developed by the corporation shall include*
39 *minimum eligibility and requirements. Additional requirements*

1 *may be added to each year's grant solicitation. The solicitation*
2 *shall address at least all of the following:*
3 *(A) Jobs created and retained by the implementation of the*
4 *project.*
5 *(B) Cost sharing by other project participants, which should*
6 *include at least one of the following:*
7 *(i) A private sector company or companies.*
8 *(ii) One or more foundations, industry associations, or*
9 *nonprofit cooperative associations, or any combination thereof.*
10 *(iii) In-kind support, which may include staff and facilities.*
11 *(iv) Federal or local government funding.*
12 *(C) A condition that grant funds will not be used to supplant*
13 *other project funds.*
14 *(D) A demonstration that a majority of the project will be*
15 *undertaken in California.*
16 *(E) An agreement among all project participants as to*
17 *intellectual property rights relative to the project.*
18 *(F) The potential impact on the state's economy.*
19 *(G) The cost-effectiveness of the project.*
20 *(H) The importance of state funding for the viability of the*
21 *project.*
22 *(I) A demonstration of technical feasibility and an assessment*
23 *of programmatic risk.*
24 *(c) In evaluating grant proposals, the corporation shall*
25 *establish an impartial review panel composed of technical and*
26 *scientific experts and government representatives to review grant*
27 *applications. The panel shall be composed of members from*
28 *throughout the state who are knowledgeable about activities*
29 *related to space enterprise. No more than 30 percent of the panel*
30 *members shall be government representatives, and all other*
31 *members shall either be actively involved in, or be technical and*
32 *scientific experts in activities related to, space enterprise. No more*
33 *than 30 percent of the panel members shall be members of, or on*
34 *the board of directors of, the corporation.*
35 *(d) (1) The review panel shall review all applications received*
36 *by the deadline specified in the solicitation in order to determine*
37 *the applications that are complete and that meet the criteria set*
38 *forth in the solicitation. The review panel may rely on experts who*
39 *are not part of the panel in order to determine compliance with one*
40 *or more criteria.*

(2) All applications meeting the criteria set forth in paragraph (1) shall be submitted to the agency.

(3) The agency may remove one or more applications from those submitted by the review panel upon a determination that the application did not meet the criteria set forth in paragraph (1). The agency shall rank the grant applications received from the review panel, minus any applications removed by the agency because of failure to meet the criteria. The ranking shall be based upon criteria stated in the solicitation. The ranking shall include recommendations as to the amount of state funding for each grant application.

(e) The secretary shall award program grants based upon the criteria set forth in paragraph (1) of subdivision (d).

(f) The funding determination shall be transmitted to the Governor and the chairpersons of the Senate and Assembly fiscal committees and shall be subject to the availability of funds appropriated for that purpose.

(g) The solicitation process set forth in this section shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1.

(h) The Legislature hereby finds and declares that the granting of funds to private entities serves a public purpose by assisting an industry vital to the health and welfare of the State of California.

SEC. 3. Part 14 (commencing with Section 37980) of Division 24 of the Health and Safety Code is repealed.

~~SEC. 3.—~~

SEC. 4. Article 8 (commencing with Section 5079.70) is added to Chapter 1.1.5 of Division 5 of the Public Resources Code, to read:

Article 8. The California Main Street Program

5079.70. The Legislature finds and declares the following:

(a) The continued economic vitality of business districts in our state's smaller cities and the neighborhoods of larger urban and suburban cities are essential to community preservation, containment of sprawl, social cohesion, and economic growth.

(b) In recent years these central business districts have experienced economic difficulties due to shifting population bases,

1 *changes in the marketplace, and greater competition from*
2 *suburban shopping centers.*

3 *(c) This decline has further eroded the ability of small*
4 *businesses and property owners to renovate and enhance their*
5 *commercial and residential properties.*

6 *(d) Merchants in the smaller cities are also experiencing*
7 *greater difficulties in obtaining financial aid at reasonable interest*
8 *rates, thereby further inhibiting their ability to develop new*
9 *business as well as continue existing operations.*

10 *(e) Neighborhood commercial areas in medium-sized and*
11 *larger cities need to maintain their local economies in order to*
12 *provide goods and services to adjacent residents, to provide*
13 *employment opportunities, and to avoid disinvestment and*
14 *economic dislocations.*

15 5079.71. *(a) There is hereby transferred to the office the*
16 *California Main Street Program, formerly established in former*
17 *Chapter 8 (commencing with Section 15399) of Part 6.7 of*
18 *Division 3 of Title 2 of the Government Code to provide technical*
19 *assistance and training for small cities' government, business*
20 *organizations, and merchants and property owners to accomplish*
21 *community and economic revitalization and development of older*
22 *central and historic business districts and neighborhoods. The*
23 *program shall operate according to a plan developed by the office*
24 *with the assistance of all of the following:*

25 *(1) Organizations representing merchants and governments of*
26 *small cities, historic preservation interests, financial institutions,*
27 *and economic development groups.*

28 *(2) The California private industry councils.*

29 *(3) The Office of Small Business, the Office of Business*
30 *Development, and the Small Business Development Center or their*
31 *successor agencies, if any are so designated.*

32 *(4) The Department of Housing and Community Development.*

33 *(5) The chairpersons of the following committees of the*
34 *Legislature:*

35 *(A) The Assembly Committee on Jobs, Economic Development,*
36 *and the Economy.*

37 *(B) The Assembly Committee on Arts, Entertainment, Sports,*
38 *Tourism, and Internet Media.*

39 *(C) The Assembly Select Committee on Rural Economic*
40 *Development.*

1 (D) *The Assembly Select Committee on Small Business.*

2 (E) *The Senate Committee on Housing and Community*
3 *Development.*

4 (F) *The Senate Select Committee on Economic Development.*

5 (G) *The Senate Select Committee on Central Valley Economic*
6 *Development.*

7 (H) *The Senate Select Committee on Urban Economic*
8 *Development.*

9 *These chairpersons shall assist in the development of the plan*
10 *to the extent that their participation is not incompatible with their*
11 *positions as Members of the Legislature.*

12 (6) *The California Preservation Foundation.*

13 (b) *The office shall modify and expand the California Main*
14 *Street Program plan pursuant to Chapter 1577 of the Statutes of*
15 *1985 to include program elements designed to assist merchants*
16 *and residents in the neighborhoods of larger and medium-sized*
17 *cities.*

18 (c) *In implementing this program the office shall employ the*
19 *techniques developed by the National Trust of Historic*
20 *Preservation's Main Street Center, which are designed to stimulate*
21 *business reinvestment, restore building facades, retain existing*
22 *small businesses, strengthen the local tax base, create employment*
23 *opportunities, promote new businesses in downtown areas, and*
24 *help to create a renewed sense of community pride. This program*
25 *shall be a joint state, local government, and private sector*
26 *partnership utilizing private and public financial resources.*

27 5079.72. *The plan required by Section 5079.71 shall describe*
28 *the objectives and strategies of the California Main Street*
29 *Program, how the program will be coordinated with existing*
30 *federal, state, local, and private sector small business*
31 *development and historic preservation efforts, the means by which*
32 *private investments will be solicited and employed, and methods*
33 *of selecting and providing assistance to participating and*
34 *demonstration communities.*

35 5079.73. *In order to implement this program, the office shall*
36 *do all of the following:*

37 (a) *Contract with the National Main Street Center of the*
38 *National Trust for Historic Preservation to assist in accomplishing*
39 *the program's objectives, to provide technical assistance to the*

1 agency, and to assist in developing criteria for the selection of, and
2 aid in selecting, the participating and demonstration communities.

3 (b) Notwithstanding any hiring freeze under Part 2
4 (commencing with Section 18500) of Division 5 of Title 2 of the
5 Government Code, hire and employ a program manager. The office
6 shall also designate staff from within the office or department.

7 (c) Develop objective criteria for selecting the participating
8 and demonstration communities. The criteria shall include, but
9 shall not be limited to, all of the following:

10 (1) Evidence of interest and commitment to downtown
11 economic development and historic preservation by both the
12 private and public sectors.

13 (2) Evidence of potential private investment in the downtown
14 area.

15 (3) A downtown with sufficient historic fabric to become a
16 foundation for an enhanced community image.

17 (4) Organization and financial commitment to implement a
18 long-term economic revitalization program that includes a
19 commitment to employ a full-time, professional project manager
20 with an operating budget.

21 (d) Devise a method of inviting eligible communities to submit
22 applications, select demonstration communities, and additional
23 participating communities in subsequent years.

24 (e) Include in the program, in addition to the demonstration
25 communities, any city that has on the effective date of this chapter
26 a contract with the National Trust's Main Street Center for a local
27 main street program.

28 5079.74. The program established pursuant to Chapter 1577
29 of the Statutes of 1985 shall continue to provide services to cities
30 with populations of less than 50,000. There shall be three pilot
31 programs for cities with the following characteristics:

32 (a) For cities with populations in excess of 50,000 but less than
33 200,000.

34 (b) For cities with populations of 200,000 or more but less than
35 400,000.

36 (c) For cities with a population of 400,000 or more.

37 5079.75. In order to reduce costs to the state, the office shall
38 include in the plan a means to solicit private contributions for state
39 and local operations of the program.

5079.76. *There is hereby established in the State Treasury the California Main Street Program Fund. All private contributions, federal funds, and fees for services, if levied, shall be deposited into the fund for the operation of the program. The California Main Street Alliance may accept private contributions and federal funds for purposes of contributing those funds to the California Main Street Program Fund for the operation of the program.*

5079.77. *The office shall include in its annual report to the Legislature a special report on the effectiveness of this program.*

SEC. 5. Paragraph 4.5 of Item 2240-001-0001 of Section 2.00 of the Budget Act of 2004 (Chapter 157 of the Statutes of 2003) is hereby revised so that the sum of one hundred eighty thousand dollars (\$180,000) designated for military base reuse and retention is not appropriated to the Department of Housing and Community Development, but this amount is instead appropriated from the General Fund to the Business, Transportation and Housing Agency for this purpose.

~~SEC. 4.—~~

SEC. 6. The Business, Transportation and Housing Agency is authorized to enter into an interagency agreement with any other state agency as deemed necessary to administer the programs set forth in Section 1.

SEC. 7. *The sum of one hundred twenty-six thousand dollars (\$126,000) is hereby appropriated from the General Fund to the Office of Historic Preservation of the Department of Parks and Recreation for the purpose of employing a program manager for the California Main Street Program pursuant to Section 5079.73 of the Public Resources Code.*

~~SEC. 5.—~~

SEC. 8. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to enable the Office of Military Support to accept private funds at the earliest possible date, *and to provide continuity in the technical assistance and training for small cities to accomplish community and economic revitalization and development*, it is necessary that this act take effect immediately.

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